

B & B UNIFIED SCHOOL DISTRICT NO. 451
BAILEYVILLE, KANSAS
NEMAHA COUNTY, KANSAS
AUDIT REPORT JUNE 30, 2010

Prepared By

KICKHAEFER & ASSOCIATE, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
MARYSVILLE, KANSAS 66508

B & B UNIFIED SCHOOL DISTRICT NO. 451
BAILEYVILLE, KANSAS
NEMAHA COUNTY, KANSAS

SPECIAL FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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B & B UNIFIED SCHOOL DISTRICT NO. 451
BAILEYVILLE, KANSAS
NEMAHA COUNTY, KANSAS

FINANCIAL INFORMATION

KICKHAEFER & ASSOCIATE, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Board of Education
Unified School District No. 451
Baileyville, Kansas 66404

We have audited the accompanying financial statements of the Unified School District No. 451, Baileyville, Kansas, as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the Unified School District No. 451, Baileyville, Kansas', management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the *Kansas Municipal Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

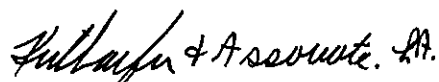
As described more fully in note 1.C, the Unified School District No. 451, Baileyville, Kansas, prepares its financial statements using accounting practices prescribed or permitted by the cash basis and budget laws of the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Unified School District No. 451, Baileyville, Kansas, as of June 30, 2010, the changes in its financial position, or, where applicable, its cash flows for the year then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of the Unified School District No. 451, Baileyville, Kansas, as of June 30, 2010, and its cash receipts, cash disbursements, and expenditures compared to budget, for the year then ended on the basis of accounting described in note 1.C.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information identified in the table of contents as supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole on the basis of accounting described in note 1.C.

This report is intended solely for the information and use of the Board of Education and management of Unified School District No. 451, Baileyville, Kansas, the Kansas Division of Accounts and Reports, and the Kansas State Board of Education and is not intended to be and should not be used by anyone other than these specified parties.



Kickhaefer & Associate, P.A.
Marysville, KS
November 8, 2010

B & B UNIFIED SCHOOL DISTRICT NO. 451
BAILEYVILLE, KANSAS
NEMAHA COUNTY, KANSAS

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B & B UNIFIED SCHOOL DISTRICT NO. 451
BAILEYVILLE, KANSAS
NEMAH COUNTY, KANSAS

STATEMENT 1
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SUMMARY OF CASH RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

FUND	BEGINNING UNENCUMBERED CASH BALANCE	PRIOR YEAR CANCELLED ENCUMBRANCES	CASH RECEIPTS	EXPENDITURES	ENDING UNENCUMBERED CASH BALANCE	ADD OUTSTANDING ENCUMBRANCES AND ACCOUNTS PAYABLE	ENDING CASH BALANCE
GOVERNMENTAL TYPE FUNDS:							
GENERAL FUND	\$ (132,485.00)	\$ 0.00	\$ 1,730,492.25	\$ 1,719,622.25	\$ (121,615.00)	\$ 1,570.82	\$ (120,044.18)
SUPPLEMENTAL GENERAL	(28,887.07)	0.00	315,971.93	297,250.00	(10,165.14)	36,279.27	26,114.13
SPECIAL REVENUE FUNDS:							
CAPITAL OUTLAY	934,835.01	0.00	8,650.69	52,715.23	890,770.47	0.00	890,770.47
DRIVER TRAINING	23,334.18	0.00	2,250.00	3,759.77	21,824.41	0.00	21,824.41
FOOD SERVICE	39,121.55	0.00	107,005.29	112,446.69	33,680.15	0.00	33,680.15
PROFESSIONAL DEVELOPMENT	17,845.08	0.00	0.00	2,726.23	15,118.85	0.00	15,118.85
SPECIAL EDUCATION	73,420.01	0.00	149,523.77	156,579.05	66,364.73	0.00	66,364.73
VOCATIONAL EDUCATION	0.00	0.00	142,906.48	76,353.00	66,553.48	0.00	66,553.48
KPERS SPECIAL RETIREMENT FUND	0.00	0.00	92,880.63	92,880.63	0.00	0.00	0.00
AT RISK FUND (K-12)	0.00	0.00	76,030.80	46,626.67	29,404.13	0.00	29,404.13
TEXTBOOK RENTAL	54,829.57	0.00	5,919.61	495.21	60,253.97	0.00	60,253.97
CONTINGENCY RESERVE FUND	190,432.00	0.00	0.00	0.00	190,432.00	0.00	190,432.00
TITLE I - FY 10	0.00	0.00	23,586.00	23,586.00	0.00	0.00	0.00
TITLE I - ARRA	0.00	0.00	11,683.00	11,683.00	0.00	0.00	0.00
TITLE II - A TEACHER QUALITY	0.00	0.00	11,136.00	11,136.00	0.00	0.00	0.00
TITLE II - D TECH EDUCATION	0.00	0.00	189.00	189.00	0.00	0.00	0.00
TITLE II - D - ARRA	0.00	0.00	466.00	466.00	0.00	0.00	0.00
ACHIEVEMENT GRANT	0.00	0.00	14,361.84	14,361.84	0.00	0.00	0.00
CARL PERKINS	0.00	0.00	1,180.67	1,180.67	0.00	0.00	0.00
TITLE IV - DRUG FREE EDUCATION	0.00	0.00	579.00	579.00	0.00	0.00	0.00
DISTRICT ACTIVITY FUNDS	39,050.44	0.00	69,887.85	62,922.07	46,016.22	0.00	46,016.22
TOTAL REPORTING ENTITY (Excluding Agency Funds)	\$ 1,211,495.77	\$ 0.00	\$ 2,764,700.81	\$ 2,687,558.31	\$ 1,288,638.27	\$ 37,850.09	\$ 1,326,488.36

(CONT.)

B & B UNIFIED SCHOOL DISTRICT NO. 451
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STATEMENT 1
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SUMMARY OF CASH RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	ENDING CASH BALANCE
COMPOSITION OF CASH:	
<u>CASH IN BANK, BAILEYVILLE STATE BANK, SENECA, KANSAS</u>	
- SUPER NOW CHECKING ACCOUNTS #800-052-4 & #800-053-5	
- CERTIFICATE OF DEPOSIT #4623 DUE 08-06-10, 1.40% - IDLE FUNDS	\$ 170,752.20
- CERTIFICATE OF DEPOSIT #4816 DUE 09-29-10, 1.40% - IDLE FUNDS	50,000.00
- CERTIFICATE OF DEPOSIT #5428 DUE 06-29-11, 1.43% - IDLE FUNDS	50,000.00
- CERTIFICATE OF DEPOSIT #5448 DUE 10-28-10, 2.00% - IDLE FUNDS	175,000.00
- CERTIFICATE OF DEPOSIT #5465 DUE 11-03-10, 1.85% - IDLE FUNDS	150,000.00
- CERTIFICATE OF DEPOSIT #5617 DUE 07-21-10, 1.85% - IDLE FUNDS	125,000.00
- CERTIFICATE OF DEPOSIT #5848 DUE 12-06-10, 1.25% - IDLE FUNDS	125,000.00
- CERTIFICATE OF DEPOSIT #6073 DUE 08-11-10, 1.40% - IDLE FUNDS	100,000.00
- CERTIFICATE OF DEPOSIT #6131 DUE 06-29-11, 1.43% - IDLE FUNDS	150,000.00
- CERTIFICATE OF DEPOSIT #6181 DUE 09-22-10, 1.85% - IDLE FUNDS	150,000.00
	100,000.00
TOTAL CASH	1,345,752.20
LESS AGENCY FUNDS per STATEMENT 4	
TOTAL REPORTING ENTITY (Excluding Agency Funds)	(19,263.84)
	\$ 1,326,488.36

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

B & B UNIFIED SCHOOL DISTRICT NO. 451
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STATEMENT 2

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

FUND	CERTIFIED BUDGET	ADJUSTMENT TO COMPLY WITH LEGAL MAX	ADJUSTMENT FOR QUALIFYING BUDGET CREDITS	TOTAL BUDGET FOR COMPARISON	EXPENDITURES CHARGEABLE TO CURRENT YEAR	VARIANCE - OVER (UNDER)
	\$ 1,800,242.00	\$ (113,196.00)	\$ 32,576.11	\$ 1,719,622.11	\$ 1,719,622.25	\$ (0.14)
	297,250.00	0.00	0.00	297,250.00	297,250.00	0.00
GENERAL FUND	962,254.00	0.00	0.00	962,254.00	52,715.23	909,538.77
SUPPLEMENTAL GENERAL	28,884.00	0.00	0.00	28,884.00	3,759.77	25,124.23
	160,088.00	0.00	0.00	160,088.00	112,446.69	47,641.31
SPECIAL REVENUE FUNDS:	22,845.00	0.00	0.00	22,845.00	2,726.23	20,118.77
CAPITAL OUTLAY	243,179.00	0.00	0.00	243,179.00	156,579.05	86,599.95
DRIVER TRAINING	76,353.00	0.00	0.00	76,353.00	76,353.00	0.00
FOOD SERVICE	116,995.00	0.00	0.00	116,995.00	92,880.63	24,114.37
PROFESSIONAL DEVELOPMENT	71,325.00	0.00	0.00	71,325.00	46,626.67	24,698.33
SPECIAL EDUCATION						
VOCATIONAL EDUCATION						
KPERS SPECIAL RETIREMENT FUND						
AT RISK FUND (K-12)						

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STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	09-10 ACTUAL	09-10 BUDGET	VARIANCE - OVER (UNDER)
GENERAL FUND			
<u>CASH RECEIPTS</u>			
TAXES AND SHARED REVENUE--			
AD VALOREM PROPERTY TAXES -2008	\$ 3,745.17	\$ 1,513.00	\$ 2,232.17
-2009	239,940.76	210,772.00	29,168.76
DELINQUENT PROPERTY TAX	106.73	1,158.00	(1,051.27)
MINERAL TAX	16.48	0.00	16.48
TOTAL TAXES AND SHARED REVENUE	<u>243,809.14</u>	<u>213,443.00</u>	<u>30,366.14</u>
 STATE SOURCES--			
GENERAL STATE AID	1,244,016.00	1,368,716.00	(124,700.00)
SPECIAL EDUCATION AID	122,693.00	130,685.00	(7,992.00)
TOTAL STATE SOURCES	<u>1,366,709.00</u>	<u>1,499,401.00</u>	<u>(132,692.00)</u>
 FEDERAL SOURCES--			
ARRA STABILIZATION	87,398.00	87,398.00	0.00
 REIMBURSEMENTS	32,576.11	0.00	32,576.11
TOTAL CASH RECEIPTS	<u>1,730,492.25</u>	<u>\$ 1,800,242.00</u>	<u>\$ (69,749.75)</u>
 <u>EXPENDITURES</u>			
INSTRUCTION--			
SALARIES	743,850.57	\$ 841,169.00	\$ 97,318.43
SALARIES - ARRA	64,235.79	0.00	(64,235.79)
EMPLOYEE BENEFITS	105,207.89	110,146.00	4,938.11
EMPLOYEE BENEFITS - ARRA	8,808.02	0.00	(8,808.02)
PURCHASED PROF. & TECH. SERVICES	5,660.04	9,626.00	3,965.96
OTHER PURCHASED SERVICES	6,826.90	25,625.00	18,798.10
SUPPLIES	944.90	4,688.00	3,743.10
PROPERTY (EQUIP. & FURN.)	458.97	595.00	136.03
OTHER	3,843.95	3,722.00	(121.95)
TOTAL INSTRUCTION	<u>939,837.03</u>	<u>995,571.00</u>	<u>55,733.97</u>
 STUDENT SUPPORT SERVICES--			
SALARIES	18,994.00	18,994.00	0.00
EMPLOYEE BENEFITS	3,177.42	814.00	(2,363.42)
PURCHASED PROF. & TECH. SERVICES	136.50	1,439.00	1,302.50
SUPPLIES	146.00	284.00	138.00
TOTAL STUDENT SUPPORT SERVICES	<u>22,453.92</u>	<u>21,531.00</u>	<u>(922.92)</u>

B & B UNIFIED SCHOOL DISTRICT NO. 451
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STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	09-10 ACTUAL	09-10 BUDGET	VARIANCE - OVER (UNDER)
GENERAL FUND (CONT.)			
<u>EXPENDITURES</u>			
INSTRUCTIONAL SUPPORT STAFF--			
SALARIES	\$ 27,158.43	\$ 31,500.00	\$ 4,341.57
SALARIES - ARRA	1,847.04	0.00	(1,847.04)
EMPLOYEE BENEFITS	7,867.02	7,936.00	68.98
EMPLOYEE BENEFITS - ARRA	487.70	0.00	(487.70)
OTHER PURCHASED SERVICES	448.05	2,003.00	1,554.95
SUPPLIES	2,007.24	1,221.00	(786.24)
	<u>39,815.48</u>	<u>42,660.00</u>	<u>2,844.52</u>
TOTAL INSTRUCTIONAL SUPPORT STAFF			
GENERAL ADMINISTRATION--			
SALARIES	100,375.79	109,501.00	9,125.21
SALARIES - ARRA	9,125.07	0.00	(9,125.07)
EMPLOYEE BENEFITS	12,484.69	12,607.00	122.31
EMPLOYEE BENEFITS - ARRA	365.77	0.00	(365.77)
PURCHASED PROF. & TECH. SERVICES	1,620.20	2,564.00	943.80
OTHER PURCHASED SERVICES	2,168.28	11,267.00	9,098.72
SUPPLIES	0.00	67.00	67.00
OTHER	55.90	240.00	184.10
	<u>126,195.70</u>	<u>136,246.00</u>	<u>10,050.30</u>
TOTAL GENERAL ADMINISTRATION			
SCHOOL ADMINISTRATION--			
SALARIES	6,200.00	6,200.00	0.00
EMPLOYEE BENEFITS	431.20	681.00	249.80
PURCHASED PROF. & TECH. SERVICES	0.00	8.00	8.00
OTHER PURCHASED SERVICES	0.00	12.00	12.00
OTHER	249.36	689.00	439.64
	<u>6,880.56</u>	<u>7,590.00</u>	<u>709.44</u>
TOTAL SCHOOL ADMINISTRATION			
OPERATIONS AND MAINTENANCE--			
SALARIES	58,580.55	67,314.00	8,733.45
EMPLOYEE BENEFITS	12,761.47	11,547.00	(1,214.47)
PURCHASED PROPERTY SERVICES	6,706.43	9,023.00	2,316.57
OTHER PURCHASED SERVICES	456.85	3,754.00	3,297.15
SUPPLIES	135.65	370.00	234.35
UTILITIES	5,527.93	45,800.00	40,272.07
MOTOR FUEL	308.70	2,279.00	1,970.30
PROPERTY (EQUIP. & FURN.)	0.00	2,370.00	2,370.00
	<u>84,477.58</u>	<u>142,457.00</u>	<u>57,979.42</u>
TOTAL OPERATIONS AND MAINTENANCE			

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STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	09-10 ACTUAL	09-10 BUDGET	VARIANCE - OVER (UNDER)
GENERAL FUND (CONT.)			
<u>EXPENDITURES</u>			
STUDENT TRANSPORTATION SERVICES--			
SUPERVISION-EMPLOYEE BENEFITS	\$ 805.00	\$ 1,606.00	\$ 801.00
VEHICLE OPERATING - CONTRACTING OF BUS SERVICE	125,145.60	131,212.00	6,066.40
- INSURANCE	4,747.00	4,606.00	(141.00)
- FUEL	21,234.91	37,250.00	16,015.09
- OTHER	13,852.20	14,327.00	474.80
OTHER STUD. TRANS. SVCS. - PURCH. PROF. & TECH. SVC.	271.00	384.00	113.00
- OTHER PURCH. SERVICES	360.00	417.00	57.00
TOTAL STUDENT TRANSPORTATION SERVICES	<u>166,415.71</u>	<u>189,802.00</u>	<u>23,386.29</u>
OTHER SUPPLEMENTAL SERVICE--			
SALARIES	32,377.58	35,733.00	3,355.42
SALARIES - ARRA	2,528.61	0.00	(2,528.61)
EMPLOYEE BENEFITS	7,052.01	4,194.00	(2,858.01)
OTHER PURCHASED SERVICES	0.00	86.00	86.00
SUPPLIES	0.00	259.00	259.00
TOTAL OTHER SUPPLEMENTAL SERVICE	<u>41,958.20</u>	<u>40,272.00</u>	<u>(1,686.20)</u>
OPERATING TRANSFERS--			
FOOD SERVICE	23,150.00	0.00	(23,150.00)
SPECIAL EDUCATION	122,693.00	130,685.00	7,992.00
VOCATIONAL EDUCATION	92,014.27	46,103.00	(45,911.27)
AT RISK (K-12)	53,730.80	47,325.00	(6,405.80)
TOTAL TRANSFERS	<u>291,588.07</u>	<u>224,113.00</u>	<u>(67,475.07)</u>
ADJUSTMENT TO COMPLY WITH LEGAL MAX	<u>0.00</u>	<u>(113,196.00)</u>	<u>(113,196.00)</u>
LEGAL GENERAL FUND BUDGET	<u>1,719,622.25</u>	<u>1,687,046.00</u>	<u>(32,576.25)</u>
ADJUSTMENT FOR QUALIFYING BUDGET CREDITS	<u>0.00</u>	<u>32,576.11</u>	<u>32,576.11</u>
TOTAL EXPENDITURES	<u>1,719,622.25</u>	<u>\$ 1,719,622.11</u>	<u>\$ (0.14)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	10,870.00		
UNENCUMBERED CASH, JULY 1, 2009	<u>(132,485.00)</u>		
UNENCUMBERED CASH, JUNE 30, 2010	<u>\$ (121,615.00)</u>		

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BAILEYVILLE, KANSAS
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STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	09-10 ACTUAL	09-10 BUDGET	VARIANCE - OVER (UNDER)
SUPPLEMENTAL GENERAL			
<u>CASH RECEIPTS</u>			
TAXES AND SHARED REVENUE--			
AD VALOREM PROPERTY TAX -2008	\$ 1,912.21	\$ 3,947.00	\$ (2,034.79)
-2009	174,944.52	161,458.00	13,486.52
DELINQUENT PROPERTY TAX	152.79	570.00	(417.21)
MOTOR VEHICLE TAX	16,995.01	16,557.00	438.01
RECREATIONAL VEHICLE TAX	145.40	183.00	(37.60)
SUPPLEMENTAL GENERAL STATE AID	94,361.00	108,695.00	(14,334.00)
ARRA STABILIZATION	27,461.00	0.00	27,461.00
TOTAL CASH RECEIPTS	315,971.93	\$ 291,410.00	\$ 24,561.93
<u>EXPENDITURES</u>			
INSTRUCTION			
--SALARIES - ARRA	27,461.00	\$ 0.00	\$ (27,461.00)
--EMPLOYEE BENEFITS	5,921.00	15,000.00	9,079.00
--PURCH. PROF. & TECH. SVC.	10,021.13	12,000.00	1,978.87
--OTHER PURCHASED SVCS.	22,795.77	8,000.00	(14,795.77)
--SUPPLIES	26,599.21	33,300.00	6,700.79
--PROP. & EQUIPMENT	1,393.40	6,000.00	4,606.60
--OTHER	2,733.75	0.00	(2,733.75)
STUDENT SUPPORT SERVICES			
--PURCH. PROF. & TECH. SVC.	3,326.17	0.00	(3,326.17)
--SUPPLIES	520.00	0.00	(520.00)
INSTRUCT. SUPPORT STAFF			
--PURCH. PROF. & TECH. SVC.	2,123.32	0.00	(2,123.32)
--SUPPLIES	1,200.56	5,000.00	3,799.44
GENERAL ADMINISTRATION			
--PURCH. PROF. & TECH. SVC.	11,629.09	12,000.00	370.91
--OTHER PURCHASED SVCS.	24,346.58	25,000.00	653.42
--SUPPLIES	620.56	0.00	(620.56)
--OTHER	292.63	0.00	(292.63)
SCHOOL ADMINISTRATION			
--PURCH. PROF. & TECH. SVC.	1,068.68	0.00	(1,068.68)
--SUPPLIES	272.48	0.00	(272.48)
OTHER SUPPLMNTL. SERVICES			
--OTHER PURCHASED SVCS.	197.12	0.00	(197.12)
--SUPPLIES	1,239.19	0.00	(1,239.19)
OPERATIONS & MAINTENANCE			
--EMPLOYEE BENEFITS	7,177.00	0.00	(7,177.00)
--PURCH. PROP. SERVICES	17,697.14	13,700.00	(3,997.14)
--OTHER PURCHASED SVCS.	627.57	0.00	(627.57)
--SUPPLIES	7,110.92	8,000.00	889.08
--UTILITIES	29,584.98	18,000.00	(11,584.98)
--FUEL	2,141.61	1,000.00	(1,141.61)
--OTHER PURCHASED SVCS.	1,068.37	0.00	(1,068.37)
TRANSFER TO DRIVER TRAINING	0.00	5,000.00	5,000.00
TRANSFER TO FOOD SERVICE	8,700.00	37,000.00	28,300.00
TRANSFER TO SPECIAL EDUCATION	26,830.77	39,000.00	12,169.23
TRANSFER TO PROFESSIONAL DEVELOPMENT	0.00	5,000.00	5,000.00
TRANSFER TO AT RISK (K-12)	22,300.00	24,000.00	1,700.00
TRANSFER TO VOCATIONAL EDUCATION	30,250.00	30,250.00	0.00
TOTAL EXPENDITURES	297,250.00	\$ 297,250.00	\$ 0.00
RECEIPTS OVER (UNDER) EXPENDITURES	18,721.93		
UNENCUMBERED CASH, JULY 1, 2009	(28,887.07)		
UNENCUMBERED CASH, JUNE 30, 2010	\$ (10,165.14)		

B & B UNIFIED SCHOOL DISTRICT NO. 451
BAILEYVILLE, KANSAS
NEMAH COUNTY, KANSAS

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STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	09-10 ACTUAL	09-10 BUDGET	VARIANCE - OVER (UNDER)
CAPITAL OUTLAY FUND			
<u>CASH RECEIPTS</u>			
INTEREST INCOME	\$ 6,905.69	\$ 20,000.00	\$ (13,094.31)
OTHER INCOME	1,745.00	0.00	1,745.00
TOTAL CASH RECEIPTS	<u>8,650.69</u>	<u>20,000.00</u>	<u>(11,349.31)</u>
<u>EXPENDITURES</u>			
INSTRUCTION - PROPERTY (EQUIP. & FURN.)	2,964.34	\$ 431,845.00	\$ 428,880.66
OPERATIONS & MAINTENANCE - PURCH. PROP. SVCS	38,735.00	0.00	(38,735.00)
- PROP. (EQUIP. & FURN.)	8,435.05	77,970.00	69,534.95
FACILITY ACQUISITION & CONSTRUCTION SERVICES			
- PURCH. PROP. SVCS	2,580.84	0.00	(2,580.84)
- NEW BUILDING ACQ. & CONSTRUCTION	0.00	300,000.00	300,000.00
- SITE IMPROVEMENT	0.00	152,439.00	152,439.00
TOTAL EXPENDITURES	<u>52,715.23</u>	<u>\$ 962,254.00</u>	<u>\$ 909,538.77</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(44,064.54)		
UNENCUMBERED CASH, JULY 1, 2009	<u>934,835.01</u>		
UNENCUMBERED CASH, JUNE 30, 2010	<u>\$ 890,770.47</u>		
 DRIVER TRAINING FUND			
<u>CASH RECEIPTS</u>			
STATE OF KANSAS	\$ 550.00	\$ 550.00	\$ 0.00
OTHER INCOME	1,700.00	0.00	1,700.00
TRANSFER FROM SUPPLEMENTAL GENERAL FUND	0.00	5,000.00	(5,000.00)
TOTAL CASH RECEIPTS	<u>2,250.00</u>	<u>\$ 5,550.00</u>	<u>\$ (3,300.00)</u>
<u>EXPENDITURES</u>			
INSTRUCTION - SALARIES	3,204.80	\$ 4,050.00	\$ 845.20
- EMPLOYEE BENEFITS	248.37	280.00	31.63
- SUPPLIES	0.00	35.00	35.00
- PROPERTY (EQUIP. & FURN.)	0.00	20,519.00	20,519.00
- OTHER	50.00	0.00	(50.00)
OPERATIONS & MAINTENANCE			
- MOTOR FUEL	256.60	4,000.00	3,743.40
TOTAL EXPENDITURES	<u>3,759.77</u>	<u>\$ 28,884.00</u>	<u>\$ 25,124.23</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(1,509.77)		
UNENCUMBERED CASH, JULY 1, 2009	<u>23,334.18</u>		
UNENCUMBERED CASH, JUNE 30, 2010	<u>\$ 21,824.41</u>		

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

B & B UNIFIED SCHOOL DISTRICT NO. 451
BAILEYVILLE, KANSAS
NEMAHA COUNTY, KANSAS

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STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	09-10 ACTUAL	09-10 BUDGET	VARIANCE - OVER (UNDER)
FOOD SERVICE FUND			
<u>CASH RECEIPTS</u>			
STATE OF KANSAS - STATE AID	\$ 4,418.58	\$ 1,525.00	\$ 2,893.58
- FEDERAL AID	29,292.86	31,157.00	(1,864.14)
MEALS	41,325.85	51,084.00	(9,758.15)
OTHER LOCAL REVENUE	118.00	200.00	(82.00)
TRANSFER FROM GENERAL FUND	23,150.00	0.00	23,150.00
TRANSFER FROM SUPPLEMENTAL GENERAL FUND	8,700.00	37,000.00	(28,300.00)
TOTAL CASH RECEIPTS	<u>107,005.29</u>	<u>\$ 120,966.00</u>	<u>\$ (13,960.71)</u>
<u>EXPENDITURES</u>			
SALARIES	46,083.17	\$ 57,000.00	\$ 10,916.83
EMPLOYEE BENEFITS	11,867.52	15,820.00	3,952.48
OTHER PURCHASED SERVICES	58.00	100.00	42.00
FOOD, SUPPLIES	53,915.00	82,031.00	28,116.00
PROPERTY (EQUIP. & FURN.)	109.00	4,137.00	4,028.00
OTHER	414.00	1,000.00	586.00
TOTAL EXPENDITURES	<u>112,446.69</u>	<u>\$ 160,088.00</u>	<u>\$ 47,641.31</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(5,441.40)		
UNENCUMBERED CASH, JULY 1, 2009	<u>39,121.55</u>		
UNENCUMBERED CASH, JUNE 30, 2010	<u>\$ 33,680.15</u>		

B & B UNIFIED SCHOOL DISTRICT NO. 451
BAILEYVILLE, KANSAS
NEMAHA COUNTY, KANSAS

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STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	09-10 ACTUAL	09-10 BUDGET	VARIANCE - OVER (UNDER)
PROFESSIONAL DEVELOPMENT FUND			
<u>CASH RECEIPTS</u>			
TRANSFER FROM SUPPLEMENTAL GENERAL FUND	\$ 0.00	\$ 5,000.00	\$ (5,000.00)
TOTAL CASH RECEIPTS	<u>0.00</u>	<u>\$ 5,000.00</u>	<u>\$ (5,000.00)</u>
<u>EXPENDITURES</u>			
INSTR. SUPPORT - SALARIES	0.00	\$ 340.00	\$ 340.00
- EMPLOYEE BENEFITS	0.00	260.00	260.00
- PURCHASED PROF. & TECH. SERVICES	1,373.82	3,500.00	2,126.18
- OTHER PURCHASED SERVICES	1,352.41	12,757.00	11,404.59
- SUPPLIES	0.00	3,000.00	3,000.00
- OTHER	0.00	2,988.00	2,988.00
TOTAL EXPENDITURES	<u>2,726.23</u>	<u>\$ 22,845.00</u>	<u>\$ 20,118.77</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(2,726.23)		
UNENCUMBERED CASH, JULY 1, 2009	<u>17,845.08</u>		
UNENCUMBERED CASH, JUNE 30, 2010	<u>\$ 15,118.85</u>		
 SPECIAL EDUCATION FUND			
<u>CASH RECEIPTS</u>			
TRANSFER FROM GENERAL FUND	\$ 122,693.00	\$ 130,685.00	\$ (7,992.00)
TRANSFER FROM SUPPLEMENTAL GENERAL FUND	<u>26,830.77</u>	<u>39,000.00</u>	<u>(12,169.23)</u>
TOTAL CASH RECEIPTS	<u>149,523.77</u>	<u>\$ 169,685.00</u>	<u>\$ (20,161.23)</u>
<u>EXPENDITURES</u>			
INSTRUCTION - OTHER PURCH. SERV. - PYMT TO COOP	155,672.17	\$ 240,679.00	\$ 85,006.83
VEHICLE OPER. - CONTRACTING OF BUS SERVICE	<u>906.88</u>	<u>2,500.00</u>	<u>1,593.12</u>
TOTAL EXPENDITURES	<u>156,579.05</u>	<u>\$ 243,179.00</u>	<u>\$ 86,599.95</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(7,055.28)		
UNENCUMBERED CASH, JULY 1, 2009	<u>73,420.01</u>		
UNENCUMBERED CASH, JUNE 30, 2010	<u>\$ 66,364.73</u>		

B & B UNIFIED SCHOOL DISTRICT NO. 451
BAILEYVILLE, KANSAS
NEMAHA COUNTY, KANSAS

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STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	09-10 ACTUAL	09-10 BUDGET	VARIANCE - OVER (UNDER)
VOCATIONAL EDUCATION FUND			
<u>CASH RECEIPTS</u>			
INTEREST INCOME	\$ 20,642.21	0.00	20,642.21
TRANSFER FROM GENERAL FUND	92,014.27	\$ 46,103.00	\$ 45,911.27
TRANSFER FROM SUPPLEMENTAL GENERAL FUND	30,250.00	30,250.00	0.00
TOTAL CASH RECEIPTS	142,906.48	\$ 76,353.00	\$ 66,553.48
<u>EXPENDITURES</u>			
INSTRUCTION - SALARIES	67,622.74	\$ 65,453.00	\$ (2,169.74)
- EMPLOYEE BENEFITS	7,365.02	7,600.00	234.98
- SUPPLIES	1,142.74	2,700.00	1,557.26
- PROPERTY (EQUIP. & FURN.)	222.50	600.00	377.50
TOTAL EXPENDITURES	76,353.00	\$ 76,353.00	\$ (0.00)
RECEIPTS OVER (UNDER) EXPENDITURES	66,553.48		
UNENCUMBERED CASH, JULY 1, 2009	0.00		
UNENCUMBERED CASH, JUNE 30, 2010	\$ 66,553.48		

KPERS SPECIAL RETIREMENT CONTRIBUTION FUND

<u>CASH RECEIPTS</u>			
STATE OF KANSAS	\$ 92,880.63	\$ 116,995.00	\$ (24,114.37)
<u>EXPENDITURES</u>			
INSTRUCTION - EMPLOYEE BENEFITS	69,212.37	\$ 70,995.00	\$ 1,782.63
STUDENT SUPPORT - EMPLOYEE BENEFITS	1,857.61	4,000.00	2,142.39
INSTRUCT. SUPPORT - EMPLOYEE BENEFITS	1,857.61	6,000.00	4,142.39
GENERAL ADMIN. - EMPLOYEE BENEFITS	7,878.54	16,000.00	8,121.46
SCHOOL ADMIN. - EMPLOYEE BENEFITS	928.82	4,000.00	3,071.18
OTHER SUPPL. SERV. - EMPLOYEE BENEFITS	2,790.40	7,000.00	4,209.60
OPER. & MAINT. - EMPLOYEE BENEFITS	4,640.05	5,000.00	359.95
FOOD SERVICE - EMPLOYEE BENEFITS	3,715.23	4,000.00	284.77
TOTAL EXPENDITURES	92,880.63	\$ 116,995.00	\$ 24,114.37
RECEIPTS OVER (UNDER) EXPENDITURES	0.00		
UNENCUMBERED CASH, JULY 1, 2009	0.00		
UNENCUMBERED CASH, JUNE 30, 2010	\$ 0.00		

B & B UNIFIED SCHOOL DISTRICT NO. 451
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STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	09-10 ACTUAL	09-10 BUDGET	VARIANCE - OVER (UNDER)
AT RISK FUND (K-12)			
<u>CASH RECEIPTS</u>			
TRANSFER FROM GENERAL FUND	\$ 53,730.80	\$ 47,325.00	\$ 6,405.80
TRANSFER FROM SUPPLEMENTAL GENERAL FUND	22,300.00	24,000.00	(1,700.00)
TOTAL CASH RECEIPTS	<u>76,030.80</u>	<u>\$ 71,325.00</u>	<u>\$ 4,705.80</u>
<u>EXPENDITURES</u>			
INSTRUCTION - SALARIES	38,540.02	\$ 62,000.00	\$ 23,459.98
- EMPLOYEE BENEFITS	7,758.90	6,440.00	(1,318.90)
- SUPPLIES	327.75	2,885.00	2,557.25
TOTAL EXPENDITURES	<u>46,626.67</u>	<u>\$ 71,325.00</u>	<u>\$ 24,698.33</u>
RECEIPTS OVER (UNDER) EXPENDITURES	29,404.13		
UNENCUMBERED CASH, JULY 1, 2009	<u>0.00</u>		
UNENCUMBERED CASH, JUNE 30, 2010	<u>\$ 29,404.13</u>		
 TEXTBOOK RENTAL FUND			
<u>CASH RECEIPTS</u>			
TEXTBOOK RENTALS	\$ 5,662.90		
STUDENT REVOLVING-MISC. REIMBURSEMENTS	256.71		
TOTAL CASH RECEIPTS	<u>5,919.61</u>		
<u>EXPENDITURES</u>			
TEXTBOOKS	215.78		
STUDENT MATERIALS AND SUPPLIES	279.43		
TOTAL EXPENDITURES	<u>495.21</u>		
RECEIPTS OVER (UNDER) EXPENDITURES	5,424.40		
UNENCUMBERED CASH, JULY 1, 2009	<u>54,829.57</u>		
UNENCUMBERED CASH, JUNE 30, 2010	<u>\$ 60,253.97</u>		

B & B UNIFIED SCHOOL DISTRICT NO. 451
BAILEYVILLE, KANSAS
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STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	09-10 <u>ACTUAL</u>	09-10 <u>BUDGET</u>	VARIANCE - OVER (UNDER)
TITLE I - FY 10			
<u>CASH RECEIPTS</u>			
STATE OF KANSAS	\$ 23,586.00		
 <u>EXPENDITURES</u>			
INSTRUCTION - PERSONAL SERVICES - SALARIES	18,405.38		
- EMPLOYEE BENEFITS	5,114.56		
- SUPPLIES	66.06		
TOTAL EXPENDITURES	23,586.00		
RECEIPTS OVER (UNDER) EXPENDITURES	0.00		
UNENCUMBERED CASH, JULY 1, 2009	0.00		
UNENCUMBERED CASH, JUNE 30, 2010	\$ 0.00		
 TITLE I - ARRA			
<u>CASH RECEIPTS</u>			
STATE OF KANSAS - ARRA	\$ 11,683.00		
 <u>EXPENDITURES</u>			
INSTRUCTION - SALARIES	9,843.96		
- EMPLOYEE BENEFITS	1,839.04		
TOTAL EXPENDITURES	11,683.00		
RECEIPTS OVER (UNDER) EXPENDITURES	0.00		
UNENCUMBERED CASH, JULY 1, 2009	0.00		
UNENCUMBERED CASH, JUNE 30, 2010	\$ 0.00		
 CONTINGENCY RESERVE FUND			
<u>CASH RECEIPTS</u>			
TRANSFER FROM GENERAL FUND	\$ 0.00		
 <u>EXPENDITURES</u>	0.00		
RECEIPTS OVER (UNDER) EXPENDITURES	0.00		
UNENCUMBERED CASH, JULY 1, 2009	190,432.00		
UNENCUMBERED CASH, JUNE 30, 2010	\$ 190,432.00		

B & B UNIFIED SCHOOL DISTRICT NO. 451
BAILEYVILLE, KANSAS
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STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	09-10 ACTUAL	09-10 BUDGET	VARIANCE - OVER (UNDER)
TITLE II - A TEACHER QUALITY			
<u>CASH RECEIPTS</u>			
STATE OF KANSAS	\$ 11,136.00		
<u>EXPENDITURES</u>			
SALARIES	10,334.22		
EMPLOYEE BENEFITS	283.53		
PURCHASED PROF. & TECH. SERVICES	118.25		
OTHER PURCH. SERVICES	400.00		
TOTAL EXPENDITURES	11,136.00		
RECEIPTS OVER (UNDER) EXPENDITURES	0.00		
UNENCUMBERED CASH, JULY 1, 2009	0.00		
UNENCUMBERED CASH, JUNE 30, 2010	\$ 0.00		
 TITLE II - D TECH EDUCATION			
<u>CASH RECEIPTS</u>			
STATE OF KANSAS	\$ 189.00		
<u>EXPENDITURES</u>			
SALARIES	189.00		
RECEIPTS OVER (UNDER) EXPENDITURES	0.00		
UNENCUMBERED CASH, JULY 1, 2009	0.00		
UNENCUMBERED CASH, JUNE 30, 2010	\$ 0.00		
 TITLE II - D ARRA			
<u>CASH RECEIPTS</u>			
STATE OF KANSAS - ARRA	\$ 466.00		
<u>EXPENDITURES</u>			
PURCHASED PROF. & TECH. SERVICES	200.00		
SUPPLIES	266.00		
TOTAL EXPENDITURES	466.00		
RECEIPTS OVER (UNDER) EXPENDITURES	0.00		
UNENCUMBERED CASH, JULY 1, 2009	0.00		
UNENCUMBERED CASH, JUNE 30, 2010	\$ 0.00		

B & B UNIFIED SCHOOL DISTRICT NO. 451
BAILEYVILLE, KANSAS
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STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	09-10 ACTUAL	09-10 BUDGET	VARIANCE - OVER (UNDER)
ACHIEVEMENT GRANT			
<u>CASH RECEIPTS</u>			
GRANT RECEIPTS	\$ 14,361.84		
 <u>EXPENDITURES</u>			
PURCHASED PROF. & TECH. SERVICES	6,460.00		
OTHER PURCHASED SERVICES	3,839.00		
SUPPLIES	345.40		
PROPERTY (EQUIP. & FURN.)	3,717.44		
TOTAL EXPENDITURES	14,361.84		
RECEIPTS OVER (UNDER) EXPENDITURES	0.00		
UNENCUMBERED CASH, JULY 1, 2009	0.00		
UNENCUMBERED CASH, JUNE 30, 2010	\$ 0.00		
 CARL PERKINS FUND			
<u>CASH RECEIPTS</u>			
USD #442	\$ 1,180.67		
 <u>EXPENDITURES</u>			
EQUIPMENT	1,180.67		
RECEIPTS OVER (UNDER) EXPENDITURES	0.00		
UNENCUMBERED CASH, JULY 1, 2009	0.00		
UNENCUMBERED CASH, JUNE 30, 2010	\$ 0.00		
 TITLE IV -DRUG FREE EDUCATION			
<u>CASH RECEIPTS</u>			
STATE OF KANSAS	\$ 579.00		
 <u>EXPENDITURES</u>			
SALARIES	579.00		
RECEIPTS OVER (UNDER) EXPENDITURES	0.00		
UNENCUMBERED CASH, JULY 1, 2009	0.00		
UNENCUMBERED CASH, JUNE 30, 2010	\$ 0.00		

B & B UNIFIED SCHOOL DISTRICT NO. 451
BAILEYVILLE, KANSAS
NEMAH COUNTY, KANSAS

STATEMENT 4

AGENCY FUNDS
STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

AGENCY FUNDS	BEGINNING CASH BALANCE	CASH RECEIPTS	CASH DISBURSEMENTS	ENDING CASH BALANCE
<u>STUDENT ORGANIZATION FUNDS</u>				
B & B JUNIOR AND SENIOR HIGH:				
CLASS OF 10	\$ 5,626.52	\$ 20,219.64	\$ 25,846.16	\$ 0.00
CLASS OF 11	4,339.90	10,107.92	7,560.95	6,886.87
CLASS OF 12	1,690.73	5,799.96	3,556.25	3,934.44
CLASS OF 13	0.00	4,441.50	3,254.96	1,186.54
FBLA	1,033.30	6,653.30	6,390.74	1,295.86
FCCLA	959.84	1,472.45	1,397.27	1,035.02
JUNIOR HIGH	51.19	0.60	0.00	51.79
PEP CLUB	948.74	5,775.23	5,957.48	766.49
STUDENT COUNCIL	926.57	8,878.72	8,600.47	1,204.82
YEARBOOK CLUB	544.99	4,904.59	3,525.05	1,924.53
 SUBTOTAL STUDENT ORGANIZATION FUNDS	 <u>16,121.78</u>	 <u>68,253.91</u>	 <u>66,089.33</u>	 <u>18,286.36</u>
 PAYROLL CLEARING				
PAYROLL CLEARING - HEALTH INSURANCE	<u>457.96</u>	<u>27,879.35</u>	<u>27,359.83</u>	<u>977.48</u>
 TOTAL AGENCY FUNDS	 <u>\$ 16,579.74</u>	 <u>\$ 96,133.26</u>	 <u>\$ 93,449.16</u>	 <u>\$ 19,263.84</u>

B & B UNIFIED SCHOOL DISTRICT NO. 451
BAILEYVILLE, KANSAS
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B & B UNIFIED SCHOOL DISTRICT NO. 451
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STATEMENT 5

DISTRICT ACTIVITY FUNDS
STATEMENT OF CASH RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

FUNDS	BEGINNING UNENCUMBERED CASH BALANCE	PRIOR YEAR CANCELLED ENCUMBRANCES	CASH RECEIPTS	EXPENDITURES	ENDING UNENCUMBERED CASH BALANCE	ADD OUTSTANDING ENCUMBRANCES AND ACCOUNTS PAYABLE	ENDING CASH BALANCE
GATE RECEIPTS FUNDS							
B & B JUNIOR AND SENIOR HIGH:							
ATHLETICS	\$ 38,043.57	\$ 0.00	\$ 64,627.82	\$ 57,680.25	\$ 44,991.14	\$ 0.00	\$ 44,991.14
SCHOOL PROJECT FUNDS							
DONATIONS	0.00	0.00	4,068.79	4,051.32	17.47	0.00	17.47
SCHOLARS' BOWL	1,006.87	0.00	1,191.24	1,190.50	1,007.61	0.00	1,007.61
TOTAL SCHOOL PROJECT FUNDS	1,006.87	0.00	5,260.03	5,241.82	1,025.08	0.00	1,025.08
TOTAL DISTRICT ACTIVITY FUNDS	\$ 39,050.44	\$ 0.00	\$ 69,887.85	\$ 62,922.07	\$ 46,016.22	\$ 0.00	\$ 46,016.22

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UNIFIED SCHOOL DISTRICT NO. 451
BAILEYVILLE, KANSAS
NEMAHA COUNTY, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Unified School District No. 451 is a municipal corporation governed by an elected seven-member board. These financial statements present Unified School District No. 451 (the primary government). The district has no component units.

B. Fund accounting

A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The following types of funds comprise the financial activities of the district for the fiscal year 2010:

Governmental funds

General fund--to account for all financial resources except those required to be accounted for in another fund.

Special revenue funds--to account for the proceeds of specific revenue sources (other than expendable trusts or for major capital projects) that are legally restricted to expenditure for specified purposes.

Fiduciary funds

Trust and agency funds--to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These include (a) expendable trust funds, (b) nonexpendable trust funds, (c) pension trust funds, and (d) agency funds.

UNIFIED SCHOOL DISTRICT NO. 451
BAILEYVILLE, KANSAS
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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. Basis of Accounting

Statutory Basis of Accounting--The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure would be charged in the fund from which the transfer is made.

The school district has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirements for application of generally accepted accounting principles and allowing the school district to use the statutory basis of accounting.

Departure from Accounting Principles Generally Accepted in the United States of America--The basis of accounting described above results in a financial statement presentation which shows cash receipts, expenditures, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expense, and liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United State of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the municipality are not presented in the financial statements. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes, and compensated absences are not presented in the financial statements.

D. Reimbursements

The school district records reimbursable expenditures (or expense) in the fund that makes the disbursement and records reimbursements as revenue to the fund. For purposes of budgetary comparisons, the expenditures (or expenses) are properly offset by the reimbursements.

UNIFIED SCHOOL DISTRICT NO. 451
BAILEYVILLE, KANSAS
NEMAHA COUNTY, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

E. Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds, and enterprise funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding fiscal year on or before August 1st.
2. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for this year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the statutory basis of accounting, in which, revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital projects funds, fiduciary funds, permanent funds, and the following special revenue funds: Textbook Rental, Contingency Reserve and all federal programs and grant funds. Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

UNIFIED SCHOOL DISTRICT NO. 451
BAILEYVILLE, KANSAS
NEMAHA COUNTY, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

F. Property Tax

The county clerk calculates the final tax levy rates necessary to finance the budget subject to any legal limitations. After all budgets have been received and tax rates calculated, the clerk certifies the tax roll to the county treasurer, who prepares tax statements and receives payment.

Taxes become a lien against all property November 1st. Taxpayers have the option of paying in full or in two installments. The delinquency dates are December 21st and May 11th. Delinquent taxes were assessed interest at 8% per annum for calendar year 2009 and 7% per annum for calendar year 2010. This interest is retained by the county.

Taxes levied to finance the budget are made available to the district after January 1st and are distributed by the county treasurer approximately every month and a half. At least 50% of the taxes levied are available in January. Delinquent tax collections are distributed throughout the year.

2. DEPOSITS AND INVESTMENTS

K.S.A. 9-1401 establishes the depositories which may be used by the school district. The statute requires banks eligible to hold the district's funds have a main or branch bank in the county in which the district is located and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The school district has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the district's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The district has no investment policy that would further limit its investment choices.

Concentration of credit risk State statutes place no limit on the amount the district may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the district's deposits may not be returned to it. State statutes require the district's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka. All deposits were legally secured at June 30, 2010.

At June 30, 2010 the carrying amount of the district's deposits, including certificates of deposit, was \$1,345,752.20. The bank balance was \$1,463,732.20. The bank balance was held by one bank resulting in a

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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

2. DEPOSITS AND INVESTMENTS (cont.)

concentration of credit risk. Of the bank balance, \$258,581.77 was covered by FDIC insurance and \$1,205,150.43 was collateralized with securities held by the pledging financial institution's agent in the district's name.

Custodial credit risk – investments. At year-end the district had no investments.

3. LONG-TERM DEBT

The school district leases buildings from the Sacred Heart Parish and the St. Mary's Parish. The lease amounts for 2009-2010 were \$31,520.00 to Sacred Heart Parish and \$45,950.00 to St. Mary's Parish.

The district has no outstanding long-term debt at year-end.

4. INTERFUND TRANSFERS

<u>From</u>	<u>To</u>	<u>Authority</u>	<u>Amount</u>
General Fund	Food Service Fund	K.S.A. 72-6428	23,150.00
General Fund	Special Education Fund	K.S.A. 72-6428	122,693.00
General Fund	Vocational Education Fund	K.S.A. 72-6428	92,014.27
General Fund	At Risk Fund	K.S.A. 72-6428	53,730.80
Supplemental General Fund	Food Service Fund	K.S.A. 72-6433	8,700.00
Supplemental General Fund	Special Education Fund	K.S.A. 72-6433	26,830.77
Supplemental General Fund	At Risk Fund	K.S.A. 72-6433	22,300.00
Supplemental General Fund	Vocational Education Fund	K.S.A. 72-6433	30,250.00

5. DEFINED BENEFIT PENSION PLAN

Plan description. The Unified School District No. 451, Baileyville, Kansas, participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERS provides retirement benefits, life insurance, disability income benefits and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to KPERS (611 S. Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

UNIFIED SCHOOL DISTRICT NO. 451
BAILEYVILLE, KANSAS
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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

5. DEFINED BENEFIT PENSION PLAN (cont.)

Funding Policy. K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary. Member-employees' contributions are withheld by their employer and paid to KPERS according to the provisions of section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. Kansas currently contributes 8.57% of covered payroll. These contribution requirements are established by KPERS and are periodically revised. Kansas' contributions to KPERS for all Kansas public school employees for the years ending June 30, 2010, 2009, and 2008, were \$248,468,186, \$242,277,363, and \$220,815,154, respectively, equal to the required contributions for each year.

6. OTHER POST EMPLOYMENT BENEFITS

As provided by K.S.A. 12-5040, the district allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the district is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the district makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid by the insured. There is no cost to the government under this program.

7. FRINGE BENEFITS

All full-time employees may choose to participate in the Section 125 salary reduction plan established by the District. Statutory nontaxable benefits under Internal Revenue Code Cafeteria Plan 125 are limited to salary protection insurance premiums, group health insurance, health insurance premiums, term life insurance premiums (\$50,000.00 maximum), Dental, Vision, flexible spending accounts, and Dependent Care. Personnel covered by this agreement may also purchase tax sheltered annuities.

8. COMPENSATED ABSENCES

The District's policies regarding vacation and sick leave are: Teachers are allowed 15 days sick leave accumulative to 60 days, two days personal leave, accumulative to four, and two days professional leave. Paraprofessionals and the U.S.D. housekeeper are allowed one day sick leave per contract month accumulative to 15 days and one day personal leave. Cooks are allowed one day sick leave per contract month accumulative to 15 days, one day personal leave, and one meal per contract day. Maintenance supervisors are allowed one day sick leave per month accumulative to 50 days, and 12 days vacation for each 12 months of employment. The U.S.D. clerk is allowed one day sick leave per month accumulative to 50

UNIFIED SCHOOL DISTRICT NO. 451
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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

8. COMPENSATED ABSENCES (cont.)

days, and 12 days vacation for each 12 months of employment. The principal is allowed 15 days sick leave accumulative to 60 days. The superintendent is allowed 15 days sick leave accumulative to 60 days and three weeks annual leave. The high school secretary is allowed one sick day per month of employment accumulative to 15 days and one personal day. The District has a sick leave pool comprised of donated days from employees to be used in cases where a critical illness or severe injury would impose a devastating hardship. The amount of leave in the pool for certified employees will not exceed 120 days at any one time.

The amount of leave in the pool for non-certified employees will not exceed 50 days at any one time. The U.S.D. treasurer and contracted bus transportation have no leave allowances.

According to KPERS guidelines upon retirement, death, or disability the teachers or their beneficiaries shall be reimbursed for unused leave in the amount of \$35.00 per day up to a maximum of \$700.00.

Liability for compensated absences is not reflected in the financial statements.

9. COMMITMENTS AND CONTINGENCIES

Litigation As of the audit date, there is no pending or threatened litigation which involves the Unified School District No. 451.

Grant program involvement In the normal course of operations, the District participates in various Federal or State grant programs from year to year. The grant programs are often subject to additional audits by agents of the granting agency, the purpose of which is to ensure compliance with the specific conditions of the grant. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

10. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Compliance With Finance-Related Legal and Contractual Provisions

K.S.A. 75-3317 through 75-3322 requires school districts to purchase products from Kansas industries for the blind and severely disabled if they so offer the products. During the fiscal year under audit, the school district did purchase \$9,394.53 from these industries. Numerous products, including janitorial and office supplies, are manufactured and offered by Kansans who are blind and severely disabled. The district does purchase similar products elsewhere.

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SUPPLEMENTAL INFORMATION

B & B UNIFIED SCHOOL DISTRICT NO. 451
BAILEYVILLE, KANSAS
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SCHEDULE 1

COMPARISON OF DEPOSITORY SECURITY WITH FUNDS ON DEPOSIT
JUNE 30, 2010

	F.D.I.C. COVERAGE	SECURITY PLEDGED		TOTAL COVERAGE	FUNDS ON DEPOSIT 06-30-10	FUNDS AT RISK 06-30-10
		PAR VALUE	MARKET VALUE			
<u>BANK</u>						
BAILEYVILLE STATE BANK, SENECA, KANSAS--						
DEMAND DEPOSITS	\$ 8,581.77				\$ 8,581.77	
TIME DEPOSITS	250,000.00				1,455,150.43	
TOTALS	\$ 258,581.77	\$ 2,075,110.73	\$ 2,122,352.44	\$ 2,380,934.21	\$ 1,463,732.20	\$ 0.00